

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 3075 - SB 3538**

February 18, 2012

**SUMMARY OF BILL:** Requires any private beds at the intermediate care facilities for persons with intellectual disabilities (ICF/ID) that were established pursuant to settlement agreements or orders, to be filled by private pay patients and patients receiving medical assistance through TennCare on a first-come, first-served basis.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$7,139,100**

**Increase Federal Expenditures - \$13,975,000**

**Assumptions:**

- Pursuant to Tenn. Code Ann. § 71-5-105(b)(2), since July 1, 2006, the total number of ICF/ID beds has been increasing by 40 per year for a total of 160 additional beds that have been filled with individuals from the developmental centers.
- According to the Bureau of TennCare, there are currently 44 beds filled. The remaining 116 beds (160 – 44) could be filled by private payers or people from the waiting list.
- If people from the waiting list fill the vacant 116 beds, there will be an increase in TennCare expenditures because the individuals on the waiting list are not currently receiving ICF/ID services.
- According to TennCare, the weighted average per diem rate of the 44 filled beds already established under the 160 bed expansion is approximately \$600.09.
- The estimated increase of annual patient days is 42,340 (116 beds x 365 days per year).
- The estimated increase in TennCare expenditures is \$25,407,811 (42,340 patient days x \$600.09).
- Of the \$25,407,811 increase, \$8,590,889 will be state funds at a rate of 33.812 percent and \$16,816,922 will be federal funds at a match rate of 66.188 percent.
- The Department of Intellectual and Developmental Disabilities (DIDD) annually transfers \$4,710,400 in state funding associated with the developmental centers to TennCare for the new private ICF/ID beds.
- The total cost of the 44 currently filled beds is \$9,637,445 (\$600.09 x 44 beds x 365 days). Of this amount, \$3,258,613 is state funds at a rate of 33.812 percent and \$6,378,832 is federal funds at a match rate of 66.188 percent.

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- The remaining amount of recurring state funds that will be applied to the newly filled beds is \$1,451,787 (\$4,710,400 - \$3,258,613). The federal matching funds for this amount are \$2,841,916 at a rate of 66.188 percent.
- The net increase in state expenditures is estimated to be \$7,139,102 (\$8,590,889 - \$1,451,787). The net increase in federal expenditures will be \$13,975,006 (\$16,816,922 - \$2,841,916).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/kml